

Message Text

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ORIGIN STR-07

INFO OCT-01 EA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
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APPROVED BY STR:RRIVERS
STR:WBARREDA
USDA:RFITZSIMMONDS
STR:JSTARKEY
USDA:RSCHROETER
STATE:HCOCHRAN (SUBS)
STATE:MSOUTHWICK (SUBS)
-----083283 221329Z /45
P 220046Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: STRAUSS-USHIBA FOLLOW UP: JAPANESE "ADJUSTMENT
PROGRAM" FOR CITRUS

REFS: TOKYO 3934

1. BASED ON A CONVERSATION WITH MR. YOSHIOKA (MARCH 16) WE
UNDERSTAND THAT THE GOJ IS CONSIDERING FORMING A CITRUS
ASSOCIATION TO DETERMINE LICENSING ALLOCATIONS TO IMPLEMENT
INCREASES IN THE FRESH ORANGE QUOTA UNDER THE STRAUSS-
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USHIBA AGREEMENT.

A) ASSOCIATION WOULD INCLUDE COOPS, PRODUCERS, IMPORTERS,
AND POSSIBLY "USERS." THE ASSOCIATION WOULD DETERMINE HOW
IMPORT QUANTITIES AGREED TO IN STRAUSS-USHIBA COMMUNIQUE
WOULD BE BROUGHT IN SO AS TO AVOID "DISRUPTING" JAPANESE
FRESH FRUIT MARKET. AGREEMENT MIGHT BE REACHED LIMITING

IMPORTS BY MONTH. ASSOCIATION MEMBERSHIP FEES MIGHT BE
LEVIED BASED ON ORANGES ACTUALLY IMPORTED BY EACH MEMBER.

B) THIS DESCRIPTION SEEMS SIMILAR TO REPORT IN JAPAN PRO-
VISION NEWSPAPER ARTICLE (TOKYO 3934, TRANSLATION FORWARDED
TO FITZSIMMONDS USDA/FAS). TOKYO 3934 INDICATED MAF DENIED
SPECIFICS OF ARTICLE BUT DID NOT DENY AN "ADJUSTMENT

PROGRAM" WAS UNDER CONSIDERATION.

2. EMBASSY REQUESTED TO CHECK INTO LIKELIHOOD OF ESTAB-
LISHMENT OF ASSOCIATION AS DESCRIBED, PROVIDE DETAILS FOR
THIS OR ANY ALTERNATIVE PLAN BEING CONSIDERED, AND ASCER-
TAIN POSSIBILITY THAT JAPAN WOULD PUT ADDITIONAL RESTRIC-
TIONS ON CITRUS QUOTA (SUCH AS MONTHLY LIMITS). WE NEED
REPORT AS SOON AS POSSIBLE ON MAF PLANS TO ANNOUNCE AND
IMPLEMENT JFY 78 QUOTAS TO ASSIST US IN PREPARING FOR CIT-
RUS MISSION'S DEPARTURE.

3. IN MAKING INQUIRIES, EMBASSY SHOULD MAKE FOLLOWING
POINTS:

A) THE STRAUSS-USHIBA COMMUNIQUE MUST BE SEEN AND IMPLE-
MENTED IN ITS PROPER CONTEXT. IT IS A POLITICAL DOCUMENT
SIGNALLING A NEW DIRECTION IN JAPANESE POLICY TO REVERSE
GENERAL VIEW HELD IN THE U.S. THAT JAPANESE MARKET CANNOT
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BE PENETRATED--THAT BY ONE MEANS OR ANOTHER, JAPAN WILL
ALWAYS MANAGE TO KEEP OUT COMPETITIVE IMPORTS. AS REGARDS
THE JAPANESE COMMITMENTS IN BEEF AND CITRUS, AMBASSADOR
STRAUSS STATED: "WHILE THE DOLLAR AMOUNTS ARE NOT
DRAMATIC, THE CHANGE IN DIRECTION AND PHILOSOPHY IS."
(TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE'S SUBCOM-
MITTEE ON INTERNATIONAL TRADE 2/1/78.) HE WENT ON TO SAY
THAT THE AGREEMENT WORKED OUT BY OUR GOVERNMENTS IS MEANT
TO BE "A VERY POSITIVE FIRST CHAPTER IN A LONG BOOK
... A DRAMATIC BREAKTHROUGH IN TERMS OF A COURSE OF CON-
DUCT." WITH THIS FIRST STEP, WE ARE ATTEMPTING TO TACKLE
THE AMERICAN SKEPTICISM VIS-A-VIS MARKET ACCESS IN JAPAN
AND TO CURTAIL THE SURGE OF PROTECTIONISM AIMED AT
JAPANESE INDUSTRY.

B) SHOULD JAPAN, IN IMPLEMENTING THE CITRUS QUOTA IN-
CREASE, RAISE NEW BARRIERS AND GENERALLY MAKE IT DIFFICULT
FOR U.S. EXPORTERS TO SELL ORANGES TO JAPAN, A PRINCIPAL
POLITICAL OBJECTIVE OF THE COMMUNIQUE WILL BE UNDERCUT.
INDEED, THOSE IN U.S. WHO ARGUE FOR PROTECTIONISM CITING
JAPANESE BARRIERS, WILL HAVE YET ANOTHER EXAMPLE.

C) THE METHOD OF IMPLEMENTATION PROPOSED IN THE JAPAN
PROVISIONS NEWSPAPER WOULD BE ESPECIALLY OBJECTIONABLE:

-- IMPOSING AN ADDITIONAL FEE ON IMPORTS (NO MATTER WHAT
LEVEL) WOULD BE TOTALLY UNACCEPTABLE. IT WOULD BE VIEWED
AS AN ATTEMPT TO NEGATE THE INCREASE IN QUOTA.

-- LIMITING USE OF QUOTAS, SUCH AS MONTHLY RESTRICTIONS

ON IMPORTS, WOULD CREATE ADDITIONAL IMPORT BARRIERS AND
WOULD IMPAIR VALUE OF QUOTA INCREASE AGREED TO IN STRAUSS-
USHIBA COMMUNIQUE.

D) IN ADDITION, CREATING AN ASSOCIATION WHICH INCLUDES
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PRODUCERS, TO IMPLEMENT INCREASE IN CITRUS QUOTAS WOULD BE
A STEP IN DIRECTION OF MANAGEMENT OF IMPORTS, RATHER THAN
TOWARD FREE MARKET ACCESS WHICH WE THOUGHT WAS GOAL
JAPANESE SHARED.

4. IN SHORT, EMBASSY SHOULD REMIND JAPANESE THAT PUBLIC
AND CONGRESS WILL BE PAYING SPECIAL ATTENTION TO IMPLEMEN-
TATION OF COMMUNIQUE TO SEE WHETHER IT DOES SIGNAL A NEW
DIRECTION IN JAPANESE POLICY, OR WHETHER IT MERELY RE-
PRESENTS THE SUBSTITUTION OF NEW BARRIERS FOR OLD.

5. WE PLACE A GREAT DEAL OF IMPORTANCE ON THE FOLLOW UP
TO THE STRAUSS-USHIBA AGREEMENT IN CITRUS AND ON THE
SUCCESS OF THE UPCOMING INTER-INDUSTRY MEETING. AGAIN,
IN THIS CONTEXT, PLEASE URGE THE GOJ:

A) TO ANNOUNCE THE DETAILS OF ITS JFY 78 PROGRAM FOR
EXPANSION OF FRESH ORANGE AND CITRUS JUICE IMPORTS PRIOR
TO THE CITRUS TEAM'S ARRIVAL IN APRIL.

B) TO ANNOUNCE THE NAMES OF THE JAPANESE CITRUS TEAM MEM-
BERS.

C) TO INCLUDE IMPORTERS ON THE JAPANESE TEAM.

FINALLY, PLEASE SUGGEST TO THE MAF THAT THURSDAY, APRIL 6
BE SET ASIDE FOR ADDITIONAL CITRUS GROUP DISCUSSIONS, AS
NEEDED. VANCE

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Message Attributes

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